

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 23, 2004

IN RE:)	
)	
STAFF INVESTIGATION OF TRANSWORLD NETWORK)	DOCKET NO.
CORP. FOR VIOLATION OF TENN. CODE ANN. § 65-4-)	04-00040
201 AND TENN. COMP. R. & REGS. 1220-4-2-.57(2))	

ORDER APPROVING SETTLEMENT AGREEMENT

This matter came before Chairman Deborah Taylor Tate, Director Sara Kyle, and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on February 23, 2004 for consideration of a proposed Settlement Agreement, attached hereto as Exhibit A, between the Consumer Services Division of the TRA (the "CSD") and TransWorld Network Corp. ("TransWorld" or the "Company"), related to violations of Tenn. Code Ann § 65-4-201 and Tenn. Comp. R. & Regs. 1220-4-2-.57(2).

Tenn. Code Ann § 65-4-201 and Tenn Comp. R. & Regs. 1220-4-2-.57(2) prohibit the offering of telecommunications services in the state of Tennessee without the requisite certificate of public convenience and necessity ("CCN"). Tenn. Code Ann. § 65-4-120 permits the TRA to impose a penalty or fine in the amount of \$50 per day upon any public utility in violation of these or any other any rule or requirement of the TRA.

In December 2003, the CSD discovered that TransWorld had been operating in Tennessee without a CCN. Upon learning of its failure to comply with these requirements, TransWorld undertook the necessary steps to bring the Company into compliance with all applicable laws and regulations. As part of this process, its application for a CCN was considered and approved by the


Directors in TRA Docket No 04-00001 at the February 23, 2004 Authority Conference. TransWorld also agreed to pay a penalty to the TRA in the amount of \$9,125 in remediation of its past statutory and regulatory violations. The CSD represented that this penalty advances a fair and reasonable resolution of the staff investigation.

The February 23, 2004 Authority Conference

At the February 23, 2004 Authority Conference, the Directors voted unanimously to approve the Settlement Agreement.

IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement, attached hereto as Exhibit A, is accepted and approved and is incorporated into this Order as if fully rewritten herein.
2. TransWorld shall pay to the TRA the sum of \$9,125 in remediation of all violations included in this Settlement Agreement. TransWorld will make an initial payment of \$3,000 to the Office of the Chairman of the TRA no later than March 1, 2004 and will pay the remaining \$6,125 in twelve monthly installments of \$500, remitted to the TRA no later than the first day of the next twelve months, the thirteenth and final monthly payment being \$125.
3. Upon payment of the amount of \$9,125, TransWorld is excused from further proceedings in this matter, provided that, in the event of any failure on the part of TransWorld to comply with the terms and conditions of the Settlement Agreement, the TRA reserves the right to re-open this Docket.


Deborah Taylor Tate, Chairman


Pat Miller, Director


Sara Kyle, Director

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE:

**STAFF INVESTIGATION OF TRANSWORLD NETWORK
CORP. FOR VIOLATION OF TENN. CODE ANN. § 65-4-201
AND TENN. COMP. R. & REGS. 1220-4-2-.57(2)**

**DOCKET NO.
04-00040**

SETTLEMENT AGREEMENT

This Settlement Agreement, which has been voluntarily entered into between the Consumer Services Division ("CSD") of the Tennessee Regulatory Authority ("TRA" or "Authority") and TransWorld Network Corp ("TransWorld" or the "Company"), resolves all issues and causes of action by the TRA presented by TransWorld's noncompliance with Tenn. Code Ann § 65-4-201 and Tenn. Comp R. & Regs. 1220-4-2-.57(2) (operating without a certificate of public convenience and necessity or "CCN") through the date of the execution of this Settlement Agreement. This Settlement Agreement is subject to the approval of the Directors of the TRA.

The CSD received a complaint on November 6, 2003 alleging statutory violations by Mountain Communications Long Distance ("Mountain"). Upon investigation of the complaint, the CSD discovered that Mountain is actually Mountain Electric Cooperative, which is an agent of TransWorld. On December 15, 2003, the CSD also discovered that, on September 7, 2000, TransWorld had advised the TRA in a letter that it was relinquishing its authority to operate in Tennessee, indicating that TransWorld may have been operating in Tennessee without a CCN in violation of Tenn Code Ann § 65-4-201 and TRA Rule 1220-4-2-.57(2). Thereafter, Staff promptly sent a request to TransWorld to provide proof to the TRA that the Company has authority to operate in Tennessee or contact the CSD to discuss violations of TRA Rule 1220-4-2-.57(2).

EXHIBIT

A

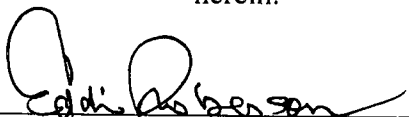
On December 29, 2003, CSD Staff spoke to Ms Lourdes Vinas, Director of Regulatory & Compliance for TransWorld, regarding the status of the Company's CCN. From the information provided, Staff concluded that, after surrendering its authority to operate in September 2000, TransWorld had commenced providing unauthorized services in the state of Tennessee and had been doing so since at least September 1, 2002. TransWorld was instructed to initiate immediately the application process for a CCN. On January 2, 2004, the TRA received a complete CCN application from TransWorld. The CSD sent a letter that same day informing TransWorld that the CSD would oppose TransWorld's application for a CCN until resolution of the Company's violation of TRA Rule 1220-4-2-.57(2).

Tenn. Code Ann. § 65-4-120 permits the TRA to impose a penalty or fine in the amount of fifty dollars per day upon any public utility in violation of any rule or requirement of the TRA. During a conference call with Ms Vinas on January 21, 2004, TransWorld acknowledged that it had provided unauthorized telecommunications services in the state of Tennessee for a minimum of 365 days, resulting in a total penalty of \$18,250. After consideration of the factors provided in Tenn. Code Ann § 65-4-116(b), including the Company's size, financial status, good faith, and the gravity of the violations, Dr. Eddie Roberson, Chief of the TRA's Consumer Services Division, proposed a settlement which results in a total penalty of \$9,125. Ms Vinas called Dr Roberson on January 26, 2004 and agreed, on behalf of TransWorld, to the payment of a penalty in the amount of \$9,125.

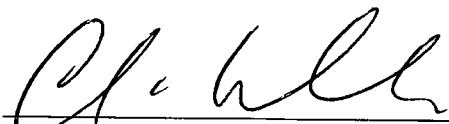
In an effort to resolve all alleged violations noted in this Settlement Agreement, the CSD and TransWorld agree to settle this matter based upon the following acknowledgements and terms, subject to approval by the Directors of the TRA:

- 1 TransWorld agrees to pay to the TRA the sum of \$9,125 (the "Settlement Payment"). TransWorld will make an initial payment of \$3,000 to the Office of the Chairman of the TRA no later than the first day of the month following the date the panel of Directors assigned to this Docket approves this Settlement Agreement. TransWorld will pay the remaining \$6,125 in twelve monthly installments of \$500, remitted to the TRA no later than the first day of the next twelve months, the thirteenth and final monthly payment being \$125.

2. Upon TRA approval of TransWorld's petition for a CCN in TRA Docket No. 04-00001, TransWorld agrees, henceforth, to remain in compliance with all the statutory and regulatory requirements of the TRA.
3. In the event that TransWorld merges or consolidates with or transfers its assets to another firm, corporation or entity, TransWorld or its successor shall remain responsible for fully complying with the terms and conditions of the Settlement Agreement. TransWorld shall so notify the CSD no later than ten (10) days prior to the completion of such transaction.
4. TransWorld agrees that a company representative will attend the Authority Conference during which the Directors consider this Settlement Agreement. Such attendance may be by telephone.
5. Compliance with all terms and conditions of this Settlement Agreement by TransWorld shall be deemed a full settlement, release, accord and satisfaction of all liability for the aforementioned violations and TransWorld shall be excused from further proceedings in this matter.
6. In the event that TransWorld fails to comply with the terms and conditions of this Settlement Agreement, the TRA reserves the right to re-open this Docket. TransWorld shall pay any and all costs incurred by the TRA to enforce the Settlement Agreement.
7. This Settlement Agreement represents the entire agreement between the parties, and there are no representations, agreements, arrangements or understandings, oral or written, between the parties relating to the subject matter of this Settlement Agreement which are not fully expressed herein or attached hereto.
8. If any clause, provision or section of this Settlement Agreement shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Settlement Agreement and this Settlement Agreement shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.


Eddie Roberson
Chief, Consumer Services Division
Tennessee Regulatory Authority

2-17-04
Date


Signature

COLIN WOOD
Print Name

CEO
Print Title

FEB. 11, 2004
Date